Weekly Economic Review

Existing home sales drift lower

Resale Housing

More softening

The Alberta resale housing market has weakened again after partially recovering from steep monthly declines at the beginning of the year. Sales and new listings diverged in September, pushing down the sales-to-new listings ratio. Sales fell 4.9% on a monthly basis and were down 25% year-over-year (y/y), while new listings were up 0.5% from the previous month and 2.8% y/y. Calgary continues to have a heavy influence on the Alberta housing market (Chart 1), pulling down sales and pushing up new listings. The average resale price in Alberta continues fell 1.5% in September and 4.2% year-over-year. Edmonton's market has begun to falter, with the average resale price down 0.7% y/y, the first decline in three years.

Nationally, both September sales and new listings fell 2.1% from August; however, sales were up 0.7% y/y and new listings were down 0.8% y/y. The sales-to-new listings ratio has been relatively stable. BC and Ontario continue to put upward pressure on average resale prices.

Non-Residential Construction

Schools support investment

Alberta non-residential construction increased by 0.9% in the third quarter to $2.8 billion. This increase was due to an impressive 23% expansion of investment in institutional and governmental structures. The higher institutional investment was a consequence of growth in school construction. This was more than enough to offset declines in industrial (-15%) and commercial investment (-1.9%). Construction in Edmonton expanded by 3.2% and in Calgary by 4.5%. In other regions of Alberta, Investment fell by 5.9%, continuing a downward trend since the third quarter of 2013. Year-to-date, non-residential construction is up 4.6% from last year.

Manufacturing Sales

Broad-based declines

Alberta manufacturers shipped $5.7 billion-worth of goods in August, 14% less than in August 2014. Petroleum and coal products continued to be the primary source of decline, down 30% y/y due to lower prices and less refinery production. There was unexpected maintenance at a major Alberta refinery in August. Machinery manufacturing, in particular equipment related to oil and gas production, has been lower this year, as energy investment is down across North America. There were also strong year-over-year sales declines in chemicals and fabricated metals. Food manufacturing was one of few categories to see growth, driven by meat products. Year-to-date manufacturing sales were down 12%, mostly due to a 35% decline in petroleum and coal sales.

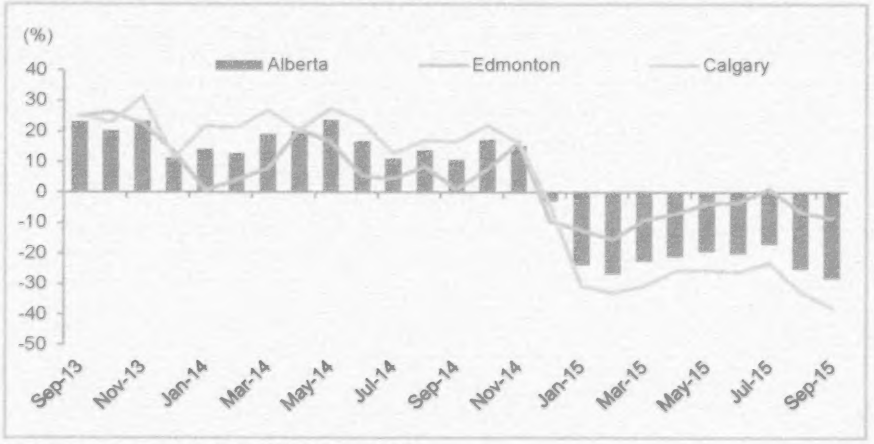
New Motor Vehicle Sales

Lower vehicle sales persist

New motor vehicle sales in Alberta remain weak. There were 21,710 new motor vehicle sales in August, 14% less than a year prior. Sales of trucks, which include SUVs and vans, were down 10% y/y. Light trucks made up 80% of new motor vehicle sales. Sales of passenger cars fell 26% y/y, the largest decline since 2009. Year-to-date, sales were 11% lower than in 2014.

Chart 1: The Alberta resale housing market remains weak

Year-over-year change in existing home sales



Source: Canadian Real Estate Association

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Please see the *Alberta Economy- Indicators at a Glance* for a snapshot of Alberta indicators.

Alberta Government

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Treasury Board and Finance
Economics and Revenue Forecasting